

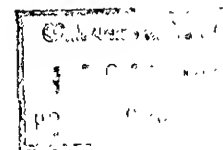
Deloitte
Haskins+Sells

1992981

NESTOR - BNA PLC

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 1987



DIRECTOR'S REPORT

The directors have pleasure in submitting their report and the consolidated financial statements for the year ended 31st December 1987.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Group are:

the provision of nursing services through the largest nursing agency network in the United Kingdom

the provision of residential and out-patient care in a medical rehabilitation centre, two nursing homes and a psychiatric hospital; management of one hospital and consultancy agreements with two others;

the provision of doctors' deputising services in the North West and the West Midlands.

A subsidiary company acquired On Call Limited, which operates doctors deputising services in St Helens, the Wirral and Accrington, in April 1987 for a cash consideration of £476,000. A number of small nursing agencies were also acquired during the year.

RESULTS AND DIVIDENDS

The group profit on ordinary activities for the year after taxation amounted to £1,794,006. Dividends of £659,170 on the Preferred Ordinary Shares and £22,504 on the "A" Ordinary Shares were declared and paid in the year. Following payment of these dividends the transfer to reserves is £532,004. As stated at the time of the prospectus the directors do not recommend payment of a further dividend in respect of the year ended 31 December 1987.

FIXED ASSETS

Information relating to the changes in fixed assets is given in Note 15 to the financial statements.

DIRECTORS

The directors who served during the year were:

R.H. Burton	(Chairman)
M.G. Rogers	(Managing Director)
J.J. Cockburn	
H.J. Hann	
J. Priestley	
P. Punter	
M.H.D. Smith	
F.J.A. Howard	(Appointed 24.6.87)
E.A. Barton	(Resigned 25.11.87)
R.J.O. Bridgeman	(Resigned 25.11.87)

DIRECTORS' INTERESTS

	Number of "A" Ordinary Shares	
	31/12/1987	31/12/1986
M.G. Rogers	-	329,474
J. Priestley	-	158,454
J.J. Cockburn	-	19,214
P. Punter	-	52,561
M.H.D. Smith	-	52,561

	Ordinary 10p Shares		"A" Options	"B" Options
	31/12/1987 Number	31/12/1986 Number	31/12/1987 Number	31/12/1987 Number
R.H. Burton	6,666	-	-	-
M.G. Rogers	1,055,230	-	38,000	20,000
J.J. Cockburn	56,856	-	24,000	14,000
H.J. Hann	33,333	-	-	-
J. Priestley	551,650	-	24,000	14,000
P. Punter	156,911	-	22,000	11,000
M.H.D. Smith	156,911	-	34,000	14,000
F.J.A. Howard	6,666	-	-	-

CHANGES IN SHARE CAPITAL

Information relating to the changes in share capital following the capital rearrangement and placing is fully documented in Note 23 to the financial statements.

The issue of shares was arranged to raise new funds for the company which was applied in repaying loans. The listing of the shares will give the company access to London's capital markets and will facilitate future acquisitions.

FUTURE DEVELOPMENTS

The Group intends to continue to grow both organically and through acquisition opportunities when they arise.

EVENTS SINCE THE END OF THE YEAR

There have been no major developments affecting the Group since the end of the year.

CHARITABLE AND POLITICAL DONATIONS

No charitable or political donations in excess of £200 were made during the year.

DISABLED EMPLOYEES

It is group policy to give full consideration to the employment of disabled persons, having regard to the respective aptitudes and abilities of the applicants concerned.

In the event of employees becoming disabled, the group endeavours to continue to employ such people provided there are suitable duties, bearing in mind the handicap or disability. The need to develop the careers of disabled people is accepted, and their training and promotion is given where it is of mutual interest.

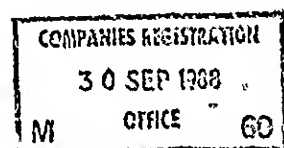
AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the re-appointment of Deloitte Haskins and Sells as auditors to the company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



J.H. BISSELL (SECRETARY)
29 March 1988



AUDITORS' REPORT TO THE MEMBERS OF NESTOR-BNA PLC.

We have audited the financial statements on pages 5 to 21 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Group and the Company at 31st December 1987 and of the profit and source and application of funds of the Group for the year then ended and comply with the Companies Act 1985.

DeLotte Haskins & Sells

DELOITTE HASKINS & SELLS
Chartered Accountants
London

29 March 1988

NESTOR-BNA PLC AND SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31st December 1987

	Notes	1987 £000	53 weeks 1986 (Note 1) £000
TURNOVER			
Cost of Sales	2	14,476 (5,714)	11,678 (4,817)
GROSS PROFIT			
Administrative Expenses		8,762 (5,499)	6,861 (4,264)
OPERATING PROFIT			
Investment Income	3,4,5 6	3,263 7	2,597 74
Exceptional income	7	229	-
Interest Payable	8	(705)	(519)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			
Taxation	9	2,794 (1,000)	2,152 (608)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			
Extraordinary Item	10	1,794 (581)	1,544 -
Pre-acquisition Profits	11	-	(599)
PROFIT FOR THE YEAR			
Dividends	12 13	1,213 (681)	945 (226)
RETAINED PROFIT FOR THE YEAR	24	532	719
EARNINGS PER SHARE:			
Excluding pre-acquisition earnings	14	5.9p	3.2p
Including pre-acquisition earnings	14	5.9p	5.2p

NESTOR-BNA PLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS AT 31st December 1987

	Notes	1987 £000	1986 £000
FIXED ASSETS			
Tangible Fixed Assets	15	8,491	6,455
CURRENT ASSETS:			
Stocks	18	61	67
Debtors	19	6,109	4,689
Cash at Bank and in Hand		268	87
		<u>6,438</u>	<u>4,843</u>
CREDITORS:			
Amounts falling due within 1 year	20	(5,271)	(3,728)
NET CURRENT ASSETS			
		<u>1,167</u>	<u>1,115</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		9,658	7,570
CREDITORS:			
Amounts falling due after more than 1 year	21	(2,000)	(6,000)
PROVISIONS FOR LIABILITIES AND CHARGES	22	(70)	(28)
		<u>7,588</u>	<u>1,542</u>
CAPITAL AND RESERVES			
Called up Share Capital	23	3,523	96
Share Premium Account	24	3,899	8
Merger Reserve	24	-	808
Profit and Loss Account	24	166	630
		<u>7,588</u>	<u>1,542</u>

The financial statements on pages 5 to 21 were approved by the Board of Directors on 29th March 1988 and were signed on its behalf by:

M.G. ROGERS)
P. PUNTER) DIRECTORS

M.G. Rogers
P.P.

NESTOR ~ BNA PLC
BALANCE SHEET
As at 31st December 1987

	Notes	1987 £000	1986 £000
FIXED ASSETS			
Investments	17	10,435	10,435
CURRENT ASSETS			
Debtors	19	5,601	4,805
Cash at Bank and in Hand		139	1
		5,740	4,806
CREDITORS:			
Amounts falling due within 1 year	20	(759)	(375)
NET CURRENT ASSETS		4,981	4,431
TOTAL ASSETS LESS CURRENT LIABILITIES		15,416	14,866
CREDITORS:			
Amounts falling due after more than 1 year	21	(2,000)	(6,000)
		13,416	8,866
CAPITAL AND RESERVES			
Called-up Share Capital	23	3,523	96
Share Premium Account	24	3,899	8
Merger Reserve	24	5,250	8,165
Profit and Loss Account	24	744	597
		13,416	8,866
		=====	=====

The financial statements on pages 5 to 21 were approved by the Board of Directors on 29 March 1988 and signed on its behalf by:

M.G. ROGERS)
P. PUNTER) DIRECTORS

M.G. Rogers
P.P.

NESTOR - BNA PLC
CONSOLIDATED SOURCE AND APPLICATION OF FUNDS
For the year ended 31st December 1987

	1987 £000	53 Weeks 1986 £000
Profit on ordinary activities before interest and taxation less pre-acquisition profits	3,499	1,837
MOVEMENTS IN WORKING CAPITAL		
Increase since acquisition of subsidiaries	-	(195)
Stocks	6	-
Debtors	(1,278)	-
Creditors	277	-
	(995)	(195)
TRADING CASH FLOW	2,504	1,642
FIXED ASSET INVESTMENT		
Purchase of fixed assets	(998)	(719)
Depreciation	403	331
Net proceeds of disposals	132	54
	(463)	(334)
OPERATING CASH FLOW	2,041	1,308
Interest paid	(705)	(519)
Taxation paid	(198)	(244)
Dividends paid	(681)	(226)
	(1,584)	(989)
CASH FLOW AFTER SERVICING CAPITAL	457	319
EXPANSION EXPENDITURE		
Purchase of subsidiaries	(476)	(10,914)
Acquisition expenses	-	(831)
Purchase of goodwill in agency branches	(184)	(89)
	(660)	(11,834)
EXTRAORDINARY ITEM	(581)	-
NET CASH FLOW	(784)	(11,515)
FINANCED BY		
Issue of shares	4,403	9,100
Loans	(4,000)	2,415
Liquid funds	381	-
NET SOURCES OF FINANCE	784	11,515

NESTOR - BNA PLC
CONSOLIDATED SOURCE AND APPLICATION OF FUNDS
For the year ended 31st December 1987

		1987 £000	53 Weeks 1986 £000
Summary of the effects of acquisition of subsidiary companies.			
Assets acquired:	Net assets	275	3,557
	Goodwill	201	7,357
		<u>476</u>	<u>10,914</u>
Discharged by:	Shares issued	---	---
	Loans	--	9,100
	Cash	476	1,814
		<u>476</u>	<u>10,914</u>

NESTOR - BNA PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 1987

1. ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings. Accounts are made up to the nearest Friday to the 31st December each year.

Basis of Consolidation

The Group financial statements comprise a consolidation of the accounts of the Company and all its subsidiaries. The full year's result for the 53 weeks ended 31st December 1986 of the subsidiaries acquired on 30th April 1986 as part of the management buy-out have been consolidated with a subsequent deduction of pre-acquisition profit shown on the face of the profit and loss account.

Depreciation

Depreciation of fixed assets is provided where it is necessary to reflect a reduction from book value to estimated residual value over the useful life of the asset to the group. It is the group's policy to maintain its properties in a state of good repair, and in the case of freehold properties, the directors consider that the lives of these properties and their residual values are such that their depreciation is not significant. Accordingly, no depreciation is provided on freehold properties.

Other fixed assets are written off by equal instalments over their anticipated useful lives of between three and eight years.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Deferred Taxation

Deferred taxation is provided on the liability method where, in the opinion of the directors, it is probable that the liability will crystallise.

Goodwill

Goodwill arises when the consideration paid for a business or company exceeds the fair value of the net tangible assets acquired. In the acquiring company's accounts any goodwill arising is normally written off immediately against reserves at the date of acquisition. In some circumstances goodwill may be included as an asset on the balance sheet and amortised through the profit and loss account over its useful economic life, generally taken to be 20 years.

Goodwill arising on consolidation is charged to Group reserves in the year in which it arises.

Contributions to Pension Funds

Contributions to pension funds are determined on the basis of recommendations made by independent qualified actuaries and are charged to the profit and loss account as such contributions become payable.

NESTOR - BNA PLC
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31st December 1987

2. TURNOVER

Turnover represents the amounts invoiced net of value added tax, except for the nursing agency division whose turnover figure represents commission and placement fees receivable net of value added tax. The amount attributable to each market supplied was:

	1987 £000	53 Weeks 1986 £000
United Kingdom	14,312	11,555
Other Countries	164	123
	<u>14,476</u>	<u>11,678</u>
Nursing Agencies	6,999	5,568
Nursing Homes and Hospitals	4,552	4,251
Doctors' Deputising Services	2,925	1,859
	<u>14,476</u>	<u>11,678</u>

Turnover from Nursing Agencies has been derived from billings made to clients less the cost of employing nurses as follows:

	1987 £000	53 weeks 1986 £000
Billings to clients	39,180	29,756
Cost of employing nurses	(32,181)	(24,188)
	<u>6,999</u>	<u>5,568</u>

3. OPERATING PROFIT

	1987 £000	53 weeks 1986 £000
Nursing Agencies	2,565	1,914
Nursing Homes and Hospitals	418	361
Doctors Deputising Services	454	356
Central Costs less other income	(174)	(34)
	<u>3,263</u>	<u>2,597</u>

Operating profit is stated after charging (crediting):

Depreciation	403	331
Hire of plant and machinery	80	66
Auditors remuneration	51	45
Rents received net of outgoings	(10)	-
Rent of premises	281	244
	<u>704</u>	<u>686</u>

NESTOR - BNA PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 1987

4. EMPLOYEES

(a) Employee Costs

	1987 £000	53 Weeks 1986 £000
Wages and Salaries	5,329	4,401
Social Security Costs	372	328
Other Pensions Costs	127	110
	<u>5,828</u>	<u>4,839</u>

(b) Employee Numbers

	Number	Number
The average number of persons employed by the Group during the period was:	1,132	832

(c) Senior Employees

The number of employees other than directors whose emoluments excluding pension contributions were in excess of £30,000 was:

	1987 Number	1986 Number
£30,001 - £35,000	1	1
£35,001 - £40,000	-	2
£40,001 - £45,000	3	1
£45,001 - £50,000	1	-
	<u>5</u>	<u>4</u>

5. DIRECTORS

Employee costs include the following remuneration in respect of directors of Nestor - BNA plc:

	1987 £000	35 weeks 1986 £000
Fees	-	-
Other Emoluments (including pension contributions)	296	116
	<u>296</u>	<u>116</u>

The directors' remuneration disclosed above includes amounts paid to:

		35 weeks
The Chairman	9	7
The Highest Paid Director	86	47
	<u>95</u>	<u>54</u>

The number of other directors who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	Number	Number
£0 - £5,000	4	42
£5,001 - £10,000	-	1
£10,001 - £15,000	-	1
£15,001 - £20,000	-	1
£20,001 - £25,000	-	1
£25,001 - £30,000	1	-
£30,001 - £35,000	1	-
£35,001 - £40,000	1	-
£40,001 - £45,000	2	-

NESTOR - BNA PLC
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31st December 1987

6. INVESTMENT INCOME

	1987 £000	53 weeks 1986 £000
Bank interest receivable	7	22
Other interest receivable	-	52
	<u>7</u>	<u>74</u>

7. EXCEPTIONAL INCOME

	1987 £000	1986 £000
Profit on sale of cottages at Ticehurst House Private Clinic Ltd		
Sale Proceeds	252	-
Valuation	200	-
	<u>52</u>	<u>-</u>
Revaluation reserve realised	177	-
	<u>229</u>	<u>-</u>

8. INTEREST PAYABLE

	1987 £000	1986 £000
On Bank loan, overdrafts and other loans wholly repayable within 5 years	460	332
On other loans	245	187
	<u>705</u>	<u>519</u>

9. TAXATION

	1987 £000	53 weeks 1986 £000
Corporation tax at 35% (1986:36.25%) based on profits for the year	1,018	821
(Over) Under provision in previous years	(56)	24
Deferred tax	38	(237)
	<u>1,000</u>	<u>608</u>

10. EXTRAORDINARY ITEM

	1987 £000	53 weeks 1986 £000
Extraordinary expenses: Flotation Costs	581	-
Less: taxation	-	-
Net Extraordinary expense	<u>581</u>	<u>-</u>

NESTOR - BNA PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 1987

11. PRE-ACQUISITION PROFITS

As stated in Note 1, the information set out in the Profit and Loss Account for 1986 represents a full years trading for the subsidiaries acquired as a result of the management buy-out. The profit and loss account for the group is analysed as follows for that year:

	Pre- Acquisition £000	Post- Acquisition £000
Turnover	3,546	8,132
Cost of Sales	(1,422)	(3,395)
Gross Profit	2,124	4,737
Administrative Expenses	(1,342)	(2,922)
Operating Profit	782	1,815
Interest Receivable	52	22
Interest Payable	-	(519)
Profit before taxation	834	1,318
Taxation	(235)	(373)
Profit after taxation	599	945

Notes 6 and 8 give further details of interest payable and receivable. The post-acquisition interest payable relates mainly to loans taken out to finance the acquisition of the subsidiaries.

12. GROUP PROFIT FOR THE YEAR

	1987 £000	53 weeks 1986 £000
Profit dealt with in the accounts of the Holding company	828	823
Profit retained by Subsidiary companies	385	122
	1,213	945

13. DIVIDENDS

	1987 £000	1986 £000
Dividends paid:		
Cumulative Redeemable Convertible Preferred		
Ordinary 1p Shares: 7.71p per share (1986: 2.55p)	659	218
"A" Ordinary 1p Shares: 2.13p per share (1986: 0.77p)	22	8
	681	226

14. EARNINGS PER SHARE

	1987	35 weeks 1986
Basic Earnings per Share	5.9p	3.2p

NESTOR - BNA PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 1987

14. EARNINGS PER SHARE (continued)

The basic earnings per share is calculated on earnings of £1,794,006 (1986: £945,000) and on the weighted average number of shares of 30,354,165 (1986: 29,853,260). These numbers reflect adjustment for the capital rearrangement and issues made during 1987.

No figure for fully diluted earnings per share for 1987 is shown since its difference from the basic earnings per share is less than 5% of the basic earnings per share.

If the pre-acquisition profits of Nestor Medical Personnel Limited, Nestor Medical Services Limited and Nestor Medical Deputising Group Limited and their subsidiaries (Companies acquired on 30th April 1986) were included in 1986 earnings, the 1986 basic earnings per share would be 5.2p. This is based on earnings of £1,544,000 and on weighted average number of shares of 29,853,260.

15. TANGIBLE FIXED ASSETS - GROUP

<u>Cost or Valuation</u>	<u>Freehold Land and Buildings</u> £000	<u>Plant Equipment, Fixtures Fittings</u> £000	<u>Total</u> £000
At 1st January 1987	4,983	2,172	7,155
Additions	327	749	1,076
Revaluation	1,673	-	1,673
Disposals	(201)	(218)	(419)
At 31st December 1987	6,782	2,703	9,485
<u>Depreciation</u>			
At 1st January 1987	-	700	700
Eliminated on Disposals	-	(109)	(109)
Charge for the year	-	403	403
At 31st December 1987	-	994	994
<u>Net Book Value</u>			
At 31st December 1987	6,782	1,709	8,491
At 1st January 1987	4,983	1,472	6,455

The net book value of assets held at 31st December 1987 is represented by:

	<u>Freehold Land and Buildings</u> £000	<u>Plant, Equipment Fixtures Fittings</u> £000	<u>Total</u> £000
At 1986 Valuation	62	-	62
At 1987 Valuation	6,393	-	6,393
At Cost	327	1,709	2,036
	6,782	1,709	8,491

NESTOR - BNA PLC
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31st December 1987

15. TANGIBLE FIXED ASSETS - GROUP continued

All land and buildings owned by the companies acquired were valued as at 25th March 1986 by John D Wood, Chartered Surveyors, on the basis of existing use.

Land and buildings owned by Nestor Medical Services Limited and Nestor Medical Personnel Limited were also revalued as at 10th November 1987 by John D Wood, Chartered Surveyors, on the basis of open market value. These values were incorporated into the financial statements for 1987.

	1987 £000	1986 £000
If land and buildings had not been valued they would have been included in the accounts of subsidiary companies at their original cost, amounting to	3,146	3,020

TANGIBLE FIXED ASSETS - COMPANY

No tangible fixed assets are held by the holding company.

16. CAPITAL COMMITMENTS - GROUP

	1987 £000	1986 £000
Capital expenditure that has been contracted but has not been provided for:	74	29
Capital expenditure that has been authorised by the directors but not yet contracted for:	17	340
	91	369

17. FIXED ASSET INVESTMENTS - COMPANY

	1987 £000	1986 £000
Investments in subsidiaries at cost	10,914	10,914
Dividends from pre-acquisition earnings	(479)	(479)
	10,435	10,435

The following principal subsidiary companies are wholly owned, operate in and are incorporated in England.

<u>Company</u>	<u>Business</u>
Nestor Medical Personnel Limited	
British Nursing Co-operations Limited	
(Trading as the British Nursing Association or BNA).	Nursing Agencies
Nestor Medical Services Limited	
Nestor Nursing Homes Limited	
Ticehurst House Private Clinic Limited	Nursing Homes

NESTOR - BNA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st December 1987

17. FIXED ASSET INVESTMENTS - COMPANY continued

Nestor Medical Deputising Group Limited
Liverpool Locums Limited
Birmingham Locums Limited
On Call Limited

Doctors' Deputising
Services

18. STOCKS

	GROUP		COMPANY	
	1987	1986	1987	1986
	£000	£000	£000	£000
Consumables	53	67	-	-
Goods for Resale	8	-	-	-
	<u>61</u>	<u>67</u>	<u>-</u>	<u>-</u>

19. DEBTORS

	GROUP		COMPANY	
	1987	1986	1987	1986
	£000	£000	£000	£000
Trade Debtors	5,655	4,314	-	-
Amounts owed by Group Companies	-	-	3,702	3,255
Other Debtors	46	25	-	-
Prepayments and Accrued Income	408	350	-	-
Dividends Receivable	-	-	1,394	1,346
Corporation Tax	-	-	505	204
	<u>6,109</u>	<u>4,689</u>	<u>5,601</u>	<u>4,805</u>

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		COMPANY	
	1987	1986	1987	1986
	£000	£000	£000	£000
Bank Loans and Overdrafts	1,212	849	-	-
Trade Creditors	1,624	1,558	-	-
Amounts owed to Group Companies	-	-	378	351
Corporation Tax	1,621	862	-	-
Other Tax and Social Security	238	175	-	-
Other Creditors	494	266	337	24
Accruals and Deferred Income	82	18	44	-
	<u>5,271</u>	<u>3,728</u>	<u>759</u>	<u>375</u>

NESTOR - BNA
 NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31st December 1987

21. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP		COMPANY	
	1987 £000	1986 £000	1987 £000	1986 £000
Bank Loan	2,000	4,000	2,000	4,000
Other Loans	-	2,000	-	2,000
	<u>2,000</u>	<u>6,000</u>	<u>2,000</u>	<u>6,000</u>

The bank loan and overdrafts are secured by floating charges over the group's assets and fixed charges over certain properties. The bank loan of £2M is repayable by instalments between 1991 and 1994 as follows:

	£000
Between 2 - 5 years	1,070
After 5 years	930
	<u>2,000</u>

22. PROVISIONS FOR LIABILITIES AND CHARGES

<u>Deferred Taxation Provision</u>	GROUP		COMPANY	
	1987 £000	1986 £000	1987 £000	1986 £000
At 1st January	28	-	-	-
Arising on acquisition of subsidiaries	4	265	-	-
Provided (Released) in the year	38	(237)	-	-
	<u>70</u>	<u>28</u>	<u>-</u>	<u>-</u>
At 31st December	70	28	-	-
Total Potential Liability	<u>162</u>	<u>236</u>	<u>-</u>	<u>-</u>

The potential liability arises principally due to capital allowances exceeding accumulated depreciation.

In addition to the potential liability shown above, a taxation charge of approximately £900,000 would arise on chargeable gains in the event of properties being realised at valuations at which they are included in the balance sheet at 31st December 1987.

NESTOR - BNA PLC
NOTES TO THE FINANCIAL STATEMENTS
As at 31st December 1987

23. CALLED-UP SHARE CAPITAL

(a) "A" Ordinary 1p Shares

	Authorised		Allotted, Issued and Fully Paid	
	No.	£000	No.	£000
Balance at 1st January 1987	1,056,943	11	1,056,943	11
Converted to Ordinary 1p Shares	(1,056,943)	(11)	(1,056,943)	(11)
Balance at 31st December 1987	-	-	-	-

(b) Cumulative Redeemable Convertible Preferred Ordinary 1p Shares

	Authorised		Allotted, Issued and Fully Paid	
	No.	£000	No.	£000
Balance at 1st January 1987	8,550,000	85	8,550,000	85
Redeemed	-	-	(2,560,656)	(25)
Converted to Ordinary 1p Shares	(8,550,000)	(85)	(5,989,344)	(60)
Balance at 31st December 1987	-	-	-	-

(c) Ordinary 1p Shares

	Authorised		Allotted, Issued and Fully Paid	
	No.	£000	No.	£000
Balance at 1st January 1987	428,057	4	-	-
Authorised	489,965,000	4,900	-	-
Converted from "A" Ord. and C.R.C.P. Ord.	9,606,943	96	7,046,287	71
Bonus issue	-	-	291,486,312	2,915
Conversion to Ord. 10p Shares	(298,532,599)	(2,986)	(298,532,599)	(2,986)
Issue: Exercise of Share Warrants	-	-	427,721	4
Conversion to Ord. 10p Shares	(201,467,401)	(2,014)	(427,721)	(4)
Balance at 31st December 1987	-	-	-	-

NESTOR - BNA PLC
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23. CALLED-UP SHARE CAPITAL (continued)

(d) Ordinary 10p Shares

	Authorised		Allotted, Issued and Fully Paid	
	No.	£000	No.	£000
Balance at 1st January 1987	-	-	-	-
Converted from Ordinary 1p Shares	29,853,260	2,986	29,853,260	2,986
Converted from Ordinary 1p Shares	20,146,740	2,014	42,772	4
Issued by Placing	-	-	5,333,333	533
	<u>50,000,000</u>	<u>5,000</u>	<u>35,229,365</u>	<u>3,523</u>

On 23rd October 1987

- (a) 2,560,656 of the Cumulative Redeemable Convertible Preferred Ordinary 1p Shares were redeemed at par;
- (b) Each of the remaining 5,989,344 such shares and each of the 1,056,943 "A" Ordinary 1p Shares were converted into Ordinary 1p Shares
- (c) A capitalisation issue was made out of the merger reserve of the Company on the basis of 39 new Ordinary 1p Shares for one previously held and
- (d) every ten Ordinary 1p Shares were consolidated into one Ordinary 10p Share

On 26th November 1987 427,721 Ordinary 1p Shares were allotted at £1 each for cash on the exercise of warrants granted at the time of the Management Buy-out. The capitalisation issue and consolidation referred to above applied to these Shares.

Persuant to a placing agreement dated 27th November 1987 the Company allotted 5,333,333 Ordinary 10p Shares at a price of 75p per share.

24. RESERVES - GROUP

	Share Premium Account £000	Revaluation Reserve £000	Merger Reserve £000	Profit and Loss Account £000	Total £000
At 1st January 1987	8	-	808	630	1,446
Premiums on Issues:					
(a) On Warrants exercised	424	-	-	-	424
(b) On Share placing	3,467	-	-	-	3,467
Revaluation during the year	-	1,673	-	-	1,673
Realised on disposals	-	(177)	-	-	(177)
Capitalised by bonus issue	-	-	(2,915)	-	(2,915)
Goodwill on acquisitions written off	-	-	-	(385)	(385)
Retained profit for the year	-	-	-	532	532
Merger Reserve deficit on consolidation written off	-	(1,496)	2,107	(611)	-
At 31st December 1987	<u>3,899</u>	<u>-</u>	<u>-</u>	<u>166</u>	<u>4,065</u>

NESTOR - BNA PLC
NOTES TO THE FINANCIAL STATEMENTS
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24. RESERVES - GROUP continued

RESERVES - COMPANY

	Share Premium Account	Merger Reserve	Profit and Loss Account	Total
	£000	£000	£000	£000
At 1st January 1987	8	8,165	597	8,770
Premiums on Issues:				
(a) On Warrants exercised	424	-	-	424
(b) On Share placing	3,467	-	-	3,467
Capitalised by bonus issue	-	(2,915)	-	(2,915)
Retained Profit for the year	-	-	147	147
At 31 December 1987	<u>3,899</u>	<u>5,250</u>	<u>744</u>	<u>9,983</u>

25. CONTINGENT LIABILITIES

The company has given guarantees to bankers in respect of a £2m overdraft facility available to Nestor-BNA plc and its subsidiary companies.

26. OTHER FINANCIAL COMMITMENTS

The Group has numerous premises operated under leases whose terms, conditions and length of expiry vary considerably. The aggregate annual rental of these premises amounted to £281,000 in 1987.

27. PENSION COSTS

Employees who are eligible for membership join the Nestor Medical Group Limited Retirement Benefits Scheme. The Scheme is administered by trustees separately from the affairs of the Group and is contracted out of the additional component of the State Pension Scheme.

The manager of the Scheme is the Eagle Star Insurance Company. The Pension Actuary of the Eagle Star Insurance Company has carried out an actuarial valuation of the Scheme at 30th April 1986, and concluded that at this date the assets of the Scheme would have been sufficient to cover the liabilities arising in respect of the preserved benefits and accrued benefits based on pensionable services to, and pensionable earnings at, the date of valuation.

28. THE NESTOR - BNA EMPLOYEE SHARE OPTIONS SCHEME

1,260,877 Ordinary 10p Shares had been put under option to Nestor-BNA directors and employees at 31st December 1987. The options are exercisable subject to certain conditions from October 1990 to October 1997 at 75 pence per share.